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OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

January 3, 1995

DOCKET FILE COPY ORIGINAL

The Honorable Carl M. Levin  
United States Senate  
459 Russell Senate Office Building  
Washington, D.C. 20510-2202

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Dear Senator Levin:

Thank you for your letter expressing your concern regarding the development of the Federal Communications Commission's cable rate regulation policy. Specifically, you express concern that the views of cable franchising authorities have not been included in discussions about the Commission's proposed policy changes. I appreciate the opportunity to respond.

On November 18, 1994, the Commission released its *Sixth Order on Reconsideration, Fifth Report and Order, and Seventh Notice of Proposed Rulemaking* (the "Going Forward Order"), MM Docket Nos. 92-266 and 93-215, FCC 94-286, adopting regulations for the cable television industry that provide cable operators with additional incentives to expand their services and facilities in a way that both ensures that cable rates are reasonable and expands the opportunities for cable programmers to reach viewers. Pursuant to the Administrative Procedure Act and the Commission's rules, all interested parties were given the opportunity to participate in the rulemaking proceeding through submission of written data, views, or arguments, as well as an opportunity to present the same orally.

During the drafting of the Going Forward Order, your concerns, as well as those of your constituents, were included in the record considered by the Commission. You may be interested to know that the National Association of Telecommunications Officers and Advisors (NATOA) also presented arguments in this proceeding regarding the effect of the proposed going forward rules on local franchising authorities on behalf of the many local franchising authorities within its membership. The Commission also specifically considered written comments filed by the City of St. Louis, Missouri, which raised similar issues. In addition, senior staff members of the Cable Services Bureau participated in regular telephone conferences with NATOA officials. We believe that the views of the local franchising authorities were thoroughly considered.

We believe the new rules established by the Going Forward Order create a balanced set of initiatives that allow cable operators needed incentives to add new cable programming that, in turn, will benefit subscribers. We have attempted to address your concerns and those of other local authorities in the Going Forward Order. Among other things, we made the new channel addition rules generally applicable only to the cable programming services tier

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("CPST") and unregulated services. The major exception is that the new rules will affect rates on the basic service tier when an operator offers only one tier of service. Since the new channel addition rules in most instances relate only to CPSTs, subscribers will still have the option of a low rate basic service tier. Furthermore, by limiting the new channel addition rules to CPSTs in most instances, franchising authorities should not be inconvenienced by our new regulations because the responsibility of regulating CPST rates lies with the Commission rather than with local authorities. Enclosed is a News Release that summarizes the Going Forward Order, as well as the Executive Summary from that Order. Please let me know if you would like a copy of the text of the decision.

I trust that this response will prove both informative and helpful.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Reed E. Hundt', with a large, sweeping flourish extending to the right.

Reed E. Hundt  
Chairman

Enclosures

CARL LEVIN  
MICHIGAN

**United States Senate**  
WASHINGTON, DC 20510-2202

October 18, 1994

The Honorable Reed E. Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, NW  
Washington, DC 20534

Dear Chairman Hundt:

I understand the FCC will soon vote on a proposal that would enable cable companies to add new channels to their lineups and charge whatever the market will bear for this new programming.

Before the Federal Communications Commission acts on this proposal or makes any significant changes in cable rate regulation rules, I hope you will first consult fully with local governments. A number of municipalities in my state of Michigan have contacted me expressing concern that they have not been a part of this process to date. Since they are responsible for setting the rates for basic cable service, equipment and service calls, their input is critical to developing any successful changes in cable rate regulation rules.

I would like to know to what extent the FCC has consulted and will consult with local governments on this matter.

Thank you for your consideration.

Sincerely,



Carl Levin

CL/amp